

**TEXAS DEPARTMENT OF INSURANCE**

**General Instruction Manual**

**for**

**Texas Title Insurance Agent Experience Report**

**Submission**

*Send questions about the Title Agent Data Call to*  
[PCDataCallTitle@tdi.texas.gov](mailto:PCDataCallTitle@tdi.texas.gov)

**All Texas title insurance companies and title insurance agents, whether independent, affiliated, or direct operation, must submit the Texas Title Insurance Agent Experience Report according to Insurance Code Section 2703.153.**

This manual will help you complete the Texas Title Insurance Agent Experience Report using the PDF form. This form includes built-in edit-checks that allow you to submit your data to TDI via email as an attachment. The interactive form is accessible from any computer using Adobe Acrobat Reader DC 7.0 or higher. See below and the FAQs for additional instructions on how to download the PDF form.

**PLEASE NOTE THE FOLLOWING FOR THE CALENDAR YEAR 2020 EXPERIENCE REPORT:**

- You must submit a signed and notarized affidavit.
- Report Texas experience only. Do not report income and expenses from other states.
- Do not send your report to TDI using an encrypted email or the Zix Secure system.
- *If you have courtesy closing fees for listing on Form E – DO NOT ENTER "CLOSING FEES" – USE THE DROP-DOWN MENU ITEM "COURTESY/NOTARY FEES."*
- *Do not put fees received for closings/exams on Form E. Do not put fees paid for closings/exams on Form J.*
- Please resolve all errors before using the "submit by email" button to submit your report.
- Use the following naming convention to rename both the .xml attachment and the affidavit:  
**Firm ID\_Agency Name.** Refer to the instructions at the bottom of the report as an example.
- Do not use dashes, parentheses, spaces, or any other symbols in the Agency Phone Number or Agency Fax Number fields.
- You will receive an auto-generated confirmation email only if you use the "submit by email" button. Do not change the subject line of the auto-generated email, and do not remove the .xml attachment.
- If corrections are needed to your report, you must make the changes and resubmit the entire report via the "submit by email" button. TDI cannot correct the report for you.

### **PDF Fillable Form**

You must use Adobe Acrobat Reader DC, Version 7.0 or higher, to fill out the form. If you use Foxit or another non-Adobe product to fill out the form, your data **will not import correctly**. If you do not already have Adobe Acrobat Reader DC 7.0 or higher installed on your computer, you may download it free from Adobe at [get.adobe.com/reader/](http://get.adobe.com/reader/).

The fillable form is compatible with Microsoft Edge. It is not compatible with most other browsers. To download the form from the bulletin using **any browser**:

1. right-click on the fillable form link;
2. select "Save As..." or "Save Target As...;"
3. use the following naming convention to rename the fillable form and affidavit:

**Firm ID\_Agency Name;**

4. save the form to your computer in a place where you can easily find it; and
5. open the form from your computer.

### **"None" Report Submission**

If your agency has no income or expenses to report, please check the "None" report box at the top of the report form. All fields highlighted in red are required fields and must be filled out, even if you do not have any experience to report. If your agency did not issue any policies or collect premiums but still has expenses to report, do not check the "None" box; you must fill out the report as stated in the instructions. ***Regardless of whether you check the "None" box, you must still submit a report and affidavit.***

### **Additional Information**

If you do not have data to report in a field, and the field is not required, leave it blank. For example, on Form E, if you do not have "other income" to report, leave the entire form blank. Do not report "N/A" or "Nothing" or "\$0."

You must report premiums for policies written in your licensed counties on Forms A, B, and L. Report income received for Home Office Issue (HOI) policies as fees received for closing on Form D. Do not report any expenses paid or premium splits paid for HOI transactions on Form F or Form G. Do not report any HOI policy counts on Form A, Section D.

The agent/underwriter split of 85%:15% was in effect for all of calendar year 2020, under Procedural Rule P-23 Division of Premiums between Title Insurance Agents and Title Insurance Companies.

Maintain underlying data, individual source documents, and other information you use to develop your experience report submission in your records for a **minimum of five years** after the submission due date.

## Definitions

The experience report submission forms include separate columns for reporting title insurance, escrow, and non-policy abstract experience. These three types of operations are further defined below. HOI is also defined.

- **Title Insurance:** The business of issuing title insurance commitments, policies, and forms. It includes all activities connected with a title search, title examination, providing title evidence, and closing. Include these activities when you expect policies or forms to be issued by any title insurance agent, direct operation, or underwriter, whether they are, in fact, ultimately issued. Direct operation activities do not include activities for underwriting, administration, or claim settlements.
- **Escrow:** The business that relates to the fiduciary function of receiving, accounting for, and disbursing funds held in escrow for a real estate transaction.
- **Non-Policy Abstract:** The business that generates non-policy abstracts, abstract certificates, and non-policy-related abstract fees. You conduct non-policy abstract business when you do not expect to issue a title insurance policy or form.
- **Home Office Issue (HOI):** For the title agent statistical report, HOI is defined as any policy:
  - issued by your agency in a county where your agency is not licensed; and
  - signed by the underwriting company.

## General Instructions

1. Show income and expenses from each of the three operations (title, escrow, and non-policy abstract) in their respective columns. If you can determine the exact expense for each operation, allocate the expenses directly (direct allocation). Include expenses required to qualify for and maintain a direct operation or agent's license, including nonrefundable license fees, annual audits, and bonds for agents and direct operations, as direct expenses in the title insurance column.
2. If you are unable to allocate directly, you may use another equitable and reasonable method. One way is to allocate expenses in the same ratio that each individual operation's income bears to the total income for the applicable operations, or, depending on the expense to be allocated, you may allocate based

on square feet or on the number of employees devoted to the three operations. If expenses are associated with business activities other than the three operations, you must allocate some portion of the expenses to these other activities. See below for examples of allocation based on income.

The Texas Title Insurance Agent Experience Report Submission form (interactive PDF) includes an option for automatic allocation of expenses based on income method. **Read the entire instructional PDF page for more information about this option.**

Example 1: You have a \$750 expense to be allocated to all three operations.

Assume your total income from each column on Form A, line A.14 is

Title	\$40,000
Escrow	\$10,000
Non-Policy Abstract	<u>\$25,000</u>
Total	\$75,000

To find allocation percentages

Title	$\$40,000/\$75,000 = 53\%$
Escrow	$\$10,000/\$75,000 = 13\%$
Non-Policy Abstract	$\$25,000/\$75,000 = 33\%$

Allocation amounts are then determined.

Title	$\$750 \times .53 = \$398$
Escrow	$\$750 \times .13 = \$98$
Non-Policy Abstract	$\$750 \times .33 = \underline{\$248}$
Total	\$744

The calculations produce a rounding difference of \$6 ( $\$750 - \$744 = \$6$ ). Simply adjust your figures to make up the \$6 difference.

Title	\$400
Escrow	\$100
Non-Policy Abstract	<u>\$250</u>
Total	\$750

Example 2: You have a \$900 expense to be allocated between only Title and Non-Policy Abstract.

Assume your total income from each column on Form A, line A.14 is

Title	\$40,000
Escrow	\$10,000
Non-Policy Abstract	<u>\$25,000</u>
Total	\$75,000

Add the amounts for the two operations involved in this allocation.

Title	\$40,000
Non-Policy Abstract	<u>\$25,000</u>
Total	\$65,000

To find allocation percentages

Title	$\$40,000/\$65,000 = 62\%$
Non-Policy Abstract	$\$25,000/\$65,000 = 38\%$

Allocation amounts are then determined.

Title	$\$900 \times .62 = \$558$
Non-Policy Abstract	<u><math>\\$900 \times .38 = \\$342</math></u>
Total	\$900

- Do not include income or expenses for any other business operation in this submission. But if the books and records that support amounts shown in this submission include income or expenses for other business operations, you must complete the Allocation Reconciliation Worksheet form and retain it with the books and records used to complete this submission.
- Do not report distributions, such as partnership or "S-Corp" distributions, on Form J.
- If your agency changes ownership during the reporting year, resulting in a change in agency type, report the agency type that represents the longest period during the reporting year. If the time periods are equal, use the agency type from the earlier period.

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## **How to Report HOI Premiums**

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The following table contains examples of how to report HOI and non-HOI premiums on the Texas title agent statistical report. Premium splits received on HOI transactions should only be reported on Form C or Form D as net-retained amounts. See the following table for details.

You collected premiums in...				Amount	Example
a Licensed County			\$2,000	Your agency is licensed in the county where the consumer needs coverage. Your agency issues a policy and collects the premium.	
an Unlicensed County			\$1,000	Your agency is not licensed in the county where the consumer needs coverage, so the underwriting company signs the policy. Your agency collects the premium and retains closing or examination income only, which is usually 45% to 65% of the total premium, depending on the split agreement between agents.	
Report the premium from your licensed counties as follows:					
Form B	Column 2. Gross Premium		\$2,000	Gross Premium - from your <b>licensed counties</b> only	
	Column 3. Remitted Premium		\$300	15% to Underwriter	
	Column 5. Retained Premium		\$1,700	85% Retained by your agency	
Form L	Premium by County - column 2 total		\$2,000	List premiums by each of your <b>licensed counties</b> . The total must be equal to Form B, column 2.	
Report the net-retained premium amounts (premium splits) from your HOI transactions as follows:					
Underwriting Company			\$150	15% of the \$1,000, or \$150, is remitted to the underwriting company. In this example, the primary agent providing the closing services will split the remaining 85% of the premium with the secondary agent who provided title evidence.	
Form C	Fees Received for Title Examination and Furnishing Title Evidence		\$400	The <b>secondary agent</b> providing title evidence for the primary agent receives a portion of the premium. For example, the secondary agent retains 40% of the \$1,000 premium for providing title evidence to the primary agent. This amount should be reported on the <b>secondary agent's</b> Form C.	
Form D	Fees Received for Closing Services		\$450	The <b>primary agent</b> issuing the policy in their unlicensed county receives a portion of the premium for closing services. For example, the primary agent retains 45% of the \$1,000 premium. This amount should be reported on the <b>primary agent's</b> Form D.	
NEVER report fees received or paid for HOI transactions on the following forms:					
Form E	Other Income		No HOI	DO NOT REPORT HOI ON FORM E.	
Form F	Fees Paid for Title Examination and Furnishing Title Evidence		No HOI	DO NOT REPORT HOI ON FORM F.	

Form G	Fees Paid for Closing Services	No HOI	DO NOT REPORT HOI ON FORM G.
Form J	Other Expenses	No HOI	DO NOT REPORT HOI ON FORM J.
Form A, Section D	Policy Counts	No HOI	DO NOT REPORT HOI policies issued. Only report policies and endorsements issued by your agency in your licensed counties.

### **Agency and Contact General Information**

**Title Agent's Name:** Please select from the drop-down menu the firm's proper name. A separate box is available for the DBA name, if applicable.

**Agent's Firm ID:** Please select the ID from the drop-down menu. You can find this information on TDI's website at the following link [appscenter.tdi.texas.gov/tdireports/p/externalReports](https://appscenter.tdi.texas.gov/tdireports/p/externalReports) by selecting Agent Licensing – Escrow Officers and Title Agencies and then selecting the desired report.

**Contact Email:** Carefully enter the email address(es) of those who can respond to any questions TDI may have regarding the submitted report. If entering multiple email addresses, enter a semicolon between each address. Check the email addresses before submitting the report.

### **Definitions – Agency Types**

- **Independent Agency:** Describes independently owned title insurance agencies that write title insurance business for one or more underwriting companies.
- **Affiliated Agency:** Describes a title insurance agency that is 10% or more owned by an underwriting company or an agency that is a member of a holding company structure that includes an underwriting company. See Insurance Code Sections 823.002–823.003, 823.151, 2602.003, and 2602.004.
- **Direct Operation:** Describes an operation run by a title insurance company that has a license issued by TDI that allows it to own, lease, and control an abstract plant, or to participate in a bona fide joint abstract plant in a given county. A title insurance company may not write, sign, or deliver title insurance in a county where the company operates an abstract plant until TDI has issued a direct operations license to the company. See Insurance Code Section 2651.051.

### **Title Premiums – Form B**

**Title Premiums** (Form B, column 2; Form A, Section A, line 1): Include all premiums collected during the calendar year for policies, binders, and endorsements that have been



or will be issued by your agency. Do not include HOI premiums on Form B. **Only report premiums for policies written in counties where you are licensed.** The total premium on Form B, column 2 must equal Form L, column 2 and Form A, Section A, line 1.

**Remitted Title Premiums** (Form B, column 3; Form A, Section A, line 2): Include the portion of premiums collected during the calendar year that were either remitted to or owed to title underwriting companies.

**For Direct Operations:** Include the portion of gross premiums allocated to the underwriter function.

**Retained Title Premiums** (Form B, column 4; Form A, Section A, line 3): Include the portion of premiums your agency collected during the calendar year. This is the amount of premium *before* splitting with attorneys or other title agents.

**For Direct Operations:** Include the portion of gross premiums *not* allocated to the underwriter function.

**Note:** If selecting "N/A – NO PREMIUMS ISSUED FOR CALENDAR YR," do not enter any other information on Form B; for example, do not enter "\$0" in columns 2 or 3.

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### **Examination Fees – Form C**

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**Fees Received for Title Examination and Furnishing Title Evidence** (Form C, column 3; Form A, Section A, line 4): Report the portion of premiums received from other title insurance agents or underwriters for title examination and furnishing title evidence when the other agents or underwriters issued the policies. Form C should reflect only the portion of the premium received from other agents and underwriters for exams and evidence when the *other entity* issued the policy. If you have fees to list on Form C, you must list a city in column 2.

**Do not enter anything in column 1 other than the name of a company, agency, or entity. You *must* list the city name of the entity in column 2.** If you have no fees to report, leave the form blank. Do not enter "N/A," "None," etc.

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### **Fees Received for Closing Services – Form D**

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**Fees Received for Closing Services** (Form D, column 3; Form A, Section A, line 5): Report the portion of premiums received from other title insurance agents or underwriters for closing transactions when other agents or the underwriters issued the policies. Show any income received for HOI transactions as fees received for closing on Form D by reporting the name of the underwriter, city of the underwriter, and net retained premium. If you have fees for listing on Form D, you must list a city in column 2.

**Do not enter anything in column 1 other than the name of a company, agency, or entity. You *must* list the city name of the entity in column two.** If you have no fees to report, leave the form blank. Do not enter "N/A," "None," etc.

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### **Other Income – Form E**

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**Other Income** (Form E, columns 2, 3, and 4; Form A, Section B, line 13): Do not report as "other income" any income from items listed on lines 1–12 of Form A, Section A - Income.

**Title Insurance** (Form E, column 2): Include other income such as tax refunds, plant, or lease update fees, or copy charges.

**Escrow** (Form E, column 3): Include escrow fees or other fees that are not passed through to third-party vendors.

**Non-Policy Abstract** (Form E, column 4): Include all non-policy-related abstract fees. Do not include any premiums or escrow fees in the Non-Policy Abstract column.

**Gains or Losses on Sale of Business Asset** (Form E, columns 2, 3, and 4): Include only the portion of proceeds from the sale of business assets that represents the gains or losses on the sale of those assets. Show loss amounts as a negative income.

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### **Fees Paid for Title Examination and Furnishing Title Evidence – Form F**

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**Fees Paid for Title Examination and Furnishing Title Evidence** (Form F, columns 3 and 4; Form A, Section B, lines 3a and 3b): Report the portion of premiums paid to nonemployees for title examination and providing title evidence when your agency issued the policies. Do not list any HOI fees paid. Do not list any fees paid for examinations or providing title evidence on policies issued by an underwriting company. If you have no fees to report, leave the form blank. Do not enter "N/A," "None," etc.

**Is this an affiliate?** (Form F, column 5): If you paid an affiliate, put an "X" in column 5. Insurance Code Section 823.003(a) defines an affiliate as a person who "directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the other person."

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### **Fees Paid for Closing Services – Form G**

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**Fees Paid for Closing Services** (Form G, columns 3 and 4; Form A, Section B, lines 4a and 4b): Report the portion of premiums paid to nonemployees for closing transactions

when your agency issued the policy. Do not list any HOI fees paid. Do not list any fees paid for closing services when an underwriting company issued the policy. If you have no fees to report, leave the form blank. Do not enter "N/A," "None," etc.

**Is this an affiliate?** (Form G, column 5): If you paid an affiliate, put an "X" in column 5. Insurance Code Section 823.003(a) defines an affiliate as a person who "directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the other person."

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## **Recapitulation of Directors' Fees – Form H**

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**Recapitulation of Directors' Fees** (Form H, columns 3, 4, and 5; Form A, Section B, line 21): Include all amounts paid to corporate directors. Do not include any amounts reported under Salaries on Form A, Section B, line 1.

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## **Losses and Loss Adjustment Expenses – Form I**

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**Losses** (Form I, columns 2, 3, and 4; Form A, Section B, line 24): Do not include losses that have been paid or that will be paid by an underwriter. Report amounts paid by an agent to reimburse an underwriter for all or a portion of a claim as **losses** or **loss adjustment expenses** for the agent.

**Agent Errors:** Include payments made by the agent for errors in closing that could have been covered under an insuring form if not paid by the agent. These payments include past taxes, missed liens requiring later payoffs, abstracting or examining errors, failure to follow the instructions of parties or lender, and failure to comply with a contract. If not satisfied by the agent and presented to the underwriter, these errors would create a loss covered by a policy or binder.

**Deceptive Trade Practices Act (DTPA) and Product Liability Losses:** Include payments stemming from a lawsuit on these grounds. Where a lawsuit alleges both DTPA or product liability grounds and title defects, report losses stemming from that lawsuit as closing errors based on the title defect.

**Loss Adjustment Expenses:** Include payments made for legal costs, court costs, investigative costs, and other expenses to defend a loss not included in any other expense.

**Escrow Losses:** Include losses resulting from payments made to or on behalf of others for errors in closing an escrow. These payments include mathematical errors, additional interest on payoffs, current taxes (if not enough was collected at closing), missed invoices or other disbursements, incorrect prorations, and bad checks.

**Affiliated Agents and Direct Operations:** Include all losses that would be charged to an independent agent under identical circumstances.

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### **Other Expenses – Form J**

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**Other Expenses** (Form J, columns 2, 3, and 4; Form A, Section B, line 32): Include any other necessary expense associated with the title insurance, escrow, or non-policy abstract business not otherwise noted or included in this submission. Do not list any HOI. Do not list any fees paid for title examinations or furnishing title evidence. Do not list any fees paid for closing services. **Do not report distributions, such as partnership or "S-Corp" distributions, on Form J.**

This category does not usually represent a significant percentage of an agent's total expenses. If the amount of other expenses exceeds 2% of total expenses (Form A, Section B, line 32 divided by line 33), you must itemize the "other expenses" on Form J. Otherwise, enter "other" and show the total amount of other expenses.

Many agents mistakenly include the following expenses from Form A, Section B in this category: photocopying charges (Form A, Section B, line 17), taxes (Form A, Section B, line 13), legal fees (Form A, Section B, line 12), and dues (Form A, Section B, line 22). Do not include these expenses on Form J.

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### **Identification of Owners – Form K**

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List each individual or entity with a direct or indirect ownership interest in the agency greater than or equal to 1%. Use the codes on Form K to describe the individual or entity. Per the instructions on the PDF form, you may enter only decimal values that represent the percentage of ownership. **Do not enter whole numbers, except to enter the number 1.**

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### **Title Insurance Premium by County – Form L**

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The total title premiums charged should equal the amount of total title premiums charged entered in Form B, column 2. **Only report premiums for policies written in counties where you are licensed.** Do not report HOI policies. The form includes a drop-down listing of Texas county names.

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### **Form A, Section A: Income**

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Lines 1–5 and 13 on Form A, Section A – Income are prefilled with data from Forms B, C, D, and E.

**Line 6. Tax Certificates:** Include income received for tax certificates. This is considered a pass-through category. The sum of fees received for providing tax certificates and fees paid for tax certificates should be zero or close to zero. See the FAQ for details.

**Line 7. Recording Fees:** Include fees received for the legal recording of documents such as the deed, mortgage, affidavits, changes of title, boundary surveys, etc. This is considered a pass-through category. The sum of fees received for recording fees and fees paid for recordings should be zero or close to zero. See the FAQ for details.

**Line 8. Restrictions:** Include any fees received for providing certified copies of documents including legal descriptions of land, properties, boundaries, etc.

**Line 9. Inspection Fees:** Include fees received for conducting physical inspections of land or buildings and structures.

**Line 10. Courier and Overnight Delivery:** Include income received for courier or delivery services. This is considered a pass-through category. The sum of fees received for courier services and fees paid for courier services should be zero or close to zero. See the FAQ for details.

**Line 11. Telephone and Fax:** Include any fees received from telephone or fax usage.

**Line 12. Interest Income:** Do not include interest on funds held in escrow that is paid to the escrow fund owners.

**Direct Operations:** Do not include interest income on balances supporting underwriting, administration, or claim settlement activities.

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## **Form A, Section B: Expenses**

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**General note about expenses:** Assign corporate allocations from Form A, Sections E and F, to the appropriate line-item expenses, such as salaries, accounting, auditing, data processing, equipment, and so on.

*Instructions on how to use the automatic allocation method appear on the PDF form. You do not have to use the automatic allocation method. See the PDF form for details.*

**Lines 1a and 1b. Salaries/Wages:** In addition to salaries, include all forms of cash compensation, such as commissions and bonuses. *Include any payments for temporary or contract labor.*

- Sole proprietorships and partnerships: Include money withdrawn by owners/partners for personal use instead of or in addition to a specific salary.
- Direct operations: Do not include salaries for employees engaged solely in underwriting, administration, or claim settlement functions. Where employees have multiple responsibilities, include only that portion of salaries for the percentage of time devoted specifically to direct operations.

**Lines 2a and 2b. Employee Benefits and Welfare:** These include group insurance (life, dental, health, etc.); profit sharing and pension plans (including 401(k), ESOP, SEP, etc.); unemployment taxes; payroll taxes; service awards; and company parties or other functions held solely for and attended exclusively by company directors, officers, and employees **and their families**.

*Form A, Section B, lines 5 through 31 are individual expense items. You must report all applicable expenses in their specific categories. Do not use "other expenses" as a catchall and do not place any of these line items on Form J.*

**Line 7. Accounting and Auditing:** Include expenses for in-house or contract services.

**Line 8. Advertising and Promotions:** Include all expenses incurred for any marketing activity. Include expenses incurred for advertising and promoting the title agency. Also include expenses incurred for activities that educate participants about the business of title insurance, as well as the state and federal laws that regulate the business.

**Line 9. Employee Travel, Lodging, and Education:** Include all expenses for business travel, including meals and short-term vehicle rentals while in travel status. Include employee training expenses. Do **not** include long-term vehicle leases. These should be reported on line 19.

**Line 10. Insurance:** Include general insurance such as automobile, property, liability, workers' compensation, E&O, or fidelity, and title agent and escrow officer bonds. Do **not** include group insurance plans. Report group insurance plans on line 2.

**Line 11. Interest Expense:** Include interest paid or accrued on all short-term or long-term debt obligations.

**Line 12. Legal Expense:** Include legal fees and retainers for corporate and administrative matters. Do **not** include costs for defending against a loss. These should be reported on line 24.

**Line 13. Licenses, Taxes, and Fees:** These include agent, direct operation, and escrow officer licenses; notary bonds; sales tax permits; and property taxes.

**Line 14. Postage and Freight:** Include postage and freight expenses usual and customary to the operation of any business.

**Line 15. Courier and Overnight Delivery:** Include courier and overnight delivery charges paid to third-party vendors for the benefit of title insurance customers. Do **not** include expenses paid for an employee assigned runner/courier duties. Report expenses paid for an employee assigned runner/courier duties on line 1a.

**Line 16. Telephone and Fax:** Include monthly telephone service charges as well as dedicated line charges, long-distance charges, and other operational charges for facsimile equipment.

**Line 17. Printing and Photocopying:** Include actual charges incurred for printing copies of essential paperwork needed for closing the transaction. Do **not** include charges for ink, toner, paper, etc. These should be reported on line 18.

**Line 18. Office Supplies:** Include any tangible or consumable equipment used in the office by your agency. Supplies may include computers, printers, janitorial and cleaning supplies, pencils, pens, paper, etc.

**Line 19. Equipment and Vehicle Leases:** Include all payments for vehicles and other equipment (whether mobile or stationary) acquired through long-term lease agreements. Do **not** include any short-term vehicle rental expenses for business travel. Report short-term vehicle rentals for business travel on line 9.

**Line 21. Directors' Fees:** Directors' fees are displayed automatically if entered on Form H in the interactive PDF.

**Line 22. Dues, Boards, and Associations:** Include only those amounts paid for membership in associations and on boards.

- Do **not** include any portion of dues used to support political action committees (PACs) or lobbyists. Report those expenses on line 30.
- Do **not** include amounts paid to trade associations or clubs. Report trade association expenses on line 31. Report club memberships as employee benefits on Line 1b, or as advertising and promotions on line 8.

**Line 23. Bad Debts:** Include only obligations due to this agency but written off the books as uncollectible during the calendar year.

**Line 24. Loss and Loss Adjustment Expenses:** Losses are displayed automatically if entered on Form I in the interactive PDF.

**Line 25. Tax Certificates Paid to Tax Authorities:** Include any amounts paid to taxing authorities or to tax services for providing tax information.

**Line 26. Recording Fees Paid to the County Clerk:** Include only fees paid to the county clerk for the legal recording of documents such as the deed, mortgage, affidavits, changes of title, boundary surveys, etc.

**Line 27. Plant Lease/Maintenance Costs:** Allocate these costs directly to the title insurance column, except to the extent that you can make equitable and reasonable allocations to the Non-Policy Abstract column.

**Line 28. Damages for Bad Faith Suits:** Include any expenses related to bad faith suits against your agency.

**Line 29. Fines or Penalties:** Include fines and penalties paid by your agency.

**Line 30. Donations/Lobbying:** "Donations" means charitable contributions. "Lobbying expenses" includes amounts paid to PACs and individual lobbyists, whether you pay these amounts directly to the PAC or lobbyist or indirectly through other organizations. Do **not** include amounts paid to trade associations. Report amounts paid to trade associations on line 31.

**Line 31. Trade Association Fees:** Include amounts paid to organizations that provide professional services and lobbying, such as trade associations.

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### **Form A, Section C: Net**

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**Income (or Loss) from Operations** (Form A, Section C, lines 1 and 2): The interactive PDF form calculates these totals for you from the information you enter. If these numbers do not agree with your calculations, complete the rest of the submission, then review your forms and revise any errors. The title agency experience report should reconcile with the net income reported on the title agency financial statements for these three business areas.

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### **Form A, Section D: Policy Count**

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**Line 1. Number of owner policies (R-3 and R-5):** Include the number of owner's policies issued under Rate Rules R-3 and R-5 (simultaneous issuance).

**Line 2. Number of loan policies at other than simultaneous issuance rates (other than R-5):** Include the number of loan policies issued at other than simultaneous issuance rates.

**Line 3. Number of loan policies at simultaneous issuance rates (R-5):** Include the number of loan policies issued under Rate Rule R-5 (simultaneous issuance).

**Line 4. Number of all other forms for which a premium was charged:** Include the number of all other policy types issued here, **which may include** endorsements, Interim Construction Binder (R-13), Chain of Title (R-35), P-14b Commitment (R-23), etc. *If this*



*number is zero, you must include an explanation in the Addendum section about why it is zero.*

**Line 6. Number of commitments issued for which no policy was issued:** Include the number of transactions that were canceled or deals that fell through *after* a commitment was issued. *If this number is zero, you must include an explanation in the Addendum section as to why it is zero.*

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### **Form A, Section E: Underwriter Expense Allocations**

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**Total Expenses Allocated to Underwriter by Direct Operation or Affiliated Agent Only:** Include costs that the direct operation or affiliated agent expended but that were allocated to the underwriter for purposes of the experience report submission. This is an aggregate amount of all such expenses excluded from the agent's experience report submission.

**Total Expenses Allocated *from* Underwriter by Direct Operation or Affiliated Agent Only:** Include costs that the underwriter expended in its underwriting, administration, or claim settlement activities but that were allocated to the direct operation or affiliated agent for purposes of the experience report submission. This is an aggregate amount of all such expenses excluded from the underwriter's experience report submission.

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### **Form A, Section F: Affiliated Entities**

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**Income or Expense Allocations from Other Affiliated Entities:** For income and expense items reported on Form A, specify if allocations were made from other affiliated entities. For this section, other affiliated entities include parent and sister companies, holding companies, and partners. Include the line and item number on which the allocation is reported.

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### **Form A: Addendum**

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Use the Addendum to explain or justify errors. The last box on the Addendum page can be used to voluntarily provide additional documentation. Include the form, section, and line item in your explanation.